

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2018

HIGHLIGHTS

- **Proposed acquisition of Scorpion Minerals Limited progressing**
- **Encouraging RC drilling results received from Dablo PGE-Au-Ni-Cu Project drilling program completed in late 2017**
- **Best result 30m @ 2.63 g/t Pd+Pt+Au; 0.51% Ni; 0.13% Cu from 35m**
- **3,000m RC drilling program completed during the quarter – testing extensions to the current area of focus, and undrilled regional targets**
- **Fourteen of the seventeen holes completed encountered visible sulfides with elevated copper values from portable XRF assessment; assay results pending**
- **Additional regional exploration ongoing**

BOARD OF DIRECTORS

Mr Michael Fotios
Non-Executive Director

Mr Neil Porter
Non-Executive Director

Mr Alan Still
Non-Executive Director

Ms Brendon Morton
Company Secretary

SCORPION MINERALS LIMITED

Dablo Pd-Pt-Au-Ni-Cu Project, Burkina Faso

Pegasus has previously announced (refer PUN:ASX announcement 10th January 2018) that it has entered into an agreement to acquire Scorpion Minerals Limited, which holds the rights to enter a 70% joint venture interest in the Dablo exploration project in Burkina Faso, Africa, (refer Figure 1) through Newgenco Exploration (West Africa) Pty Ltd (“NEWA”).

The Dablo Project is a significant ultramafic-mafic complex in an emerging Ni-Cu-PGE province, which could potentially host a large palladium-platinum-gold-nickel-copper deposit. The Dablo Project consists of a large tenement package comprising 4 tenements for a total of 981 km² (refer Figure 2) covering the Dablo Main Intrusion (DMI), with a strike length of 6km identified so-far within an anomalous trend of over 35km length. Drilling in the area of focus has confirmed that mineralisation extends for at least 180m in strike, and possibly up to 300m in the small portion of DMI tested-to-date.

During the quarter Pegasus released Reverse Circulation (RC) drilling results received from eight holes completed in late 2017 (refer ASX:PUN announcement 19th April 2018) at the Dablo Pd-Pt-Au-Ni-Cu (palladium-platinum-gold-nickel-copper) Prospect in Burkina Faso.

The 2017 RC drilling was designed to test extensions to mineralisation encountered in the 2014 diamond drilling campaign, and to establish the geology and continuity of the mineralisation. Five of the eight holes intersected significant mineralised intervals (refer Table 1 below, and Figure 4), successfully proved the mineralisation is locally continuous, and confirmed the Dablo target represents a multi-pulse, dynamic mafic-ultramafic intrusion.

The results confirmed wide polymetallic intersects, with a **best result of 30m @ 2.63 g/t Pd+Pt+Au; 0.51% Ni; 0.13% Cu from 35m in hole DBRC2017-03**. For detailed results of the 2017 RC drilling, refer to Table 3.

Mineralisation was interpreted as being closely associated with an Induced Polarisation (IP) chargeability anomaly (refer Figure 5), occurring semi-continuously along the contact of a magnetic anomaly. The mineralisation may form an annulus associated with the IP anomaly, highlighting the additional mineralisation potential at the untested northern contact defined by the IP.

PEGASUS METALS LIMITED

ABN 66 059 326 519
24 Mumford Place
Balcatta WA 6021

T: +61 8 6241 1877
F: +61 8 6241 1811

www.pegasusmetals.com.au



Figure 2: Location of Dablo Project, Burkina Faso

Table 1: Significant results 2017 RC Drilling, Dablo Project ($\geq 5\text{m}$ @ $\geq 1.0\text{ g/t Pd+Pt+Au}$);
- for more detailed summary refer Table 3.

Hole_ID	From	To	Length	Au_ppm	Pt_ppm	Pd_ppm	Ni_%	Cu_%	Pd+Pt+Au
DBRC2017-01	103	110	7	0.21	0.26	0.89	0.24	0.08	1.36
DBRC2017-02	128	134	6	0.29	0.31	0.96	0.32	0.12	1.56
DBRC2017-03	23	33	10	0.16	0.28	0.82	0.36	0.06	1.26
and	35	65	30	0.3	0.59	1.74	0.51	0.13	2.63
and	165	175	10	0.47	0.38	0.99	0.36	0.13	1.84
DBRC2017-04	129	138	9	0.39	0.37	0.94	0.39	0.1	1.7
DBRC2017-05	154	160	6	0.51	0.29	0.52	0.39	0.14	1.32
DBRC2017-06	NSR								
DBRC2017-07	NSR								
DBRC2017-08	NSR								

Table 2: Location of Reverse Circulation drill hole collars (WGS84 Z30N datum)

Hole_ID	UTM_E	UTM_N	EL	Az	Dip	Depth
DBRC2017-01	697800	1519910	320	180	-55	200
DBRC2017-02	697800	1519910	320	358	-89	200
DBRC2017-03	697900	1519920	319.5	180	-55	200
DBRC2017-04	697900	1519990	320	180	-55	200
DBRC2017-05	697950	1519950	319.2	180	-55	200
DBRC2017-06	697750	1519870	320	180	-55	200
DBRC2017-07	697650	1519780	320.8	160	-55	200
DBRC2017-08	697570	1519660	320	125	-55	200

Table 3: Detailed results from 2017 RC Drilling, Dablo Project ($\geq 1\text{m}$ @ $\text{Pd}+\text{Pt} \geq 0.5 \text{ g/t}$).

Hole		From	To	Int	Cu	Ni	Co	Au	Pt	Pd	Pd+Pt	Pd+Pt+Au(3E)
		m	m	m	ppm	ppm	ppm	g/t	g/t	g/t	g/t	g/t
DBRC2017-01		103	110	7	847	2407	114	0.21	0.26	0.89	1.15	1.36
DBRC2017-01	including	103	105	2	1205	3700	155	0.38	0.51	2.07	2.58	2.96
DBRC2017-01		115	116	1	267	2000	94	0.15	0.16	0.35	0.51	0.66
DBRC2017-01		119	121	2	421	2310	105	0.09	0.19	0.48	0.68	0.76
DBRC2017-01		137	140	3	162	3070	146	0.04	0.16	0.73	0.9	0.93
DBRC2017-01		190	191	1	578	3090	142	0.02	0.14	0.47	0.61	0.63
DBRC2017-02		28	31	3	382	3323	141	0.09	0.17	0.57	0.73	0.83
DBRC2017-02		105	109	4	498	3923	155	0.14	0.25	0.71	0.96	1.1
DBRC2017-02		128	134	6	1239	3177	120	0.29	0.31	0.96	1.27	1.56
DBRC2017-03		21	22	1	202	3820	176	0.09	0.14	0.38	0.52	0.61
DBRC2017-03		23	33	10	584	3648	135	0.16	0.28	0.82	1.1	1.26
DBRC2017-03		35	65	30	1332	5064	154	0.3	0.59	1.74	2.34	2.63
DBRC2017-03	including	37	42	5	1086	4726	162	0.35	0.74	1.82	2.56	2.91
DBRC2017-03	including	47	53	6	1204	4993	157	0.45	0.8	2.78	3.58	4.03
DBRC2017-03	including	55	65	10	2286	7781	146	0.44	0.94	2.21	3.15	3.59
DBRC2017-03		71	74	3	273	2583	126	0.01	0.12	0.44	0.56	0.57
DBRC2017-03		165	175	10	1326	3630	105	0.47	0.38	0.99	1.37	1.84
DBRC2017-03	including	167	169	2	2055	5125	138	0.7	0.58	0.58	1.16	1.86
DBRC2017-03	including	172	174	2	1543	4465	109	0.88	0.5	1.27	1.77	2.65
DBRC2017-03		181	182	1	636	2310	100	0.05	0.19	0.39	0.57	0.63
DBRC2017-04		116	126	10	308	2825	134	0.09	0.18	0.48	0.65	0.75
DBRC2017-04		129	138	9	1029	3878	124	0.39	0.37	0.94	1.31	1.7
DBRC2017-04	including	129	132	3	612	3427	133	0.62	0.26	0.6	0.85	1.48
DBRC2017-04	including	134	138	4	1732	5265	128	0.4	0.61	1.59	2.2	2.6
DBRC2017-04		143	146	3	614	2927	122	0.17	0.22	0.58	0.81	0.97
DBRC2017-04		149	150	1	321	2330	115	0.02	0.16	0.39	0.55	0.57
DBRC2017-04		160	164	4	332	2913	137	0.04	0.18	0.66	0.84	0.88
DBRC2017-04		181	183	2	133	3245	133	0.03	0.1	0.4	0.5	0.53
DBRC2017-04		188	189	1	159	3090	159	0.02	0.14	0.5	0.64	0.66
DBRC2017-05		154	160	6	1413	3888	125	0.51	0.29	0.52	0.81	1.32
DBRC2017-05		163	164	1	1165	2980	115	0.11	0.22	0.36	0.58	0.69
DBRC2017-05		183	186	3	977	2770	107	0.11	0.19	0.34	0.53	0.64
DBRC2017-06		NSR										
DBRC2017-07		104	106	2	297	2215	119	0.01	0.16	0.4	0.56	0.57
DBRC2017-07		114	118	4	764	2550	112	0.11	0.25	1.02	1.26	1.38
DBRC2017-07		120	122	2	658	2580	118	0.03	0.29	0.92	1.21	1.24
DBRC2017-07		127	129	2	1077	3100	106	0.07	0.34	1.05	1.39	1.46
DBRC2017-08		161	163	2	268	2515	128	0	0.11	0.55	0.67	0.66

Bold intervals in rows marked “including” are sub-intervals immediately following the main interval. NSR = No significant result

On 12 June 2018, the Company announced the completion of an additional RC drilling programme. A total of 17 holes for 3,152 metres (refer Table 4) were drilled over the Dablo intrusion complex, testing extensions to previous drilling within a kilometre-long zone (Dablo North) previously targeted by the historic focus of activity. The second phase of the programme was designed to test undrilled regional targets within a 4km long portion of the intrusion to the south of the historic focus (Refer Figure 3).

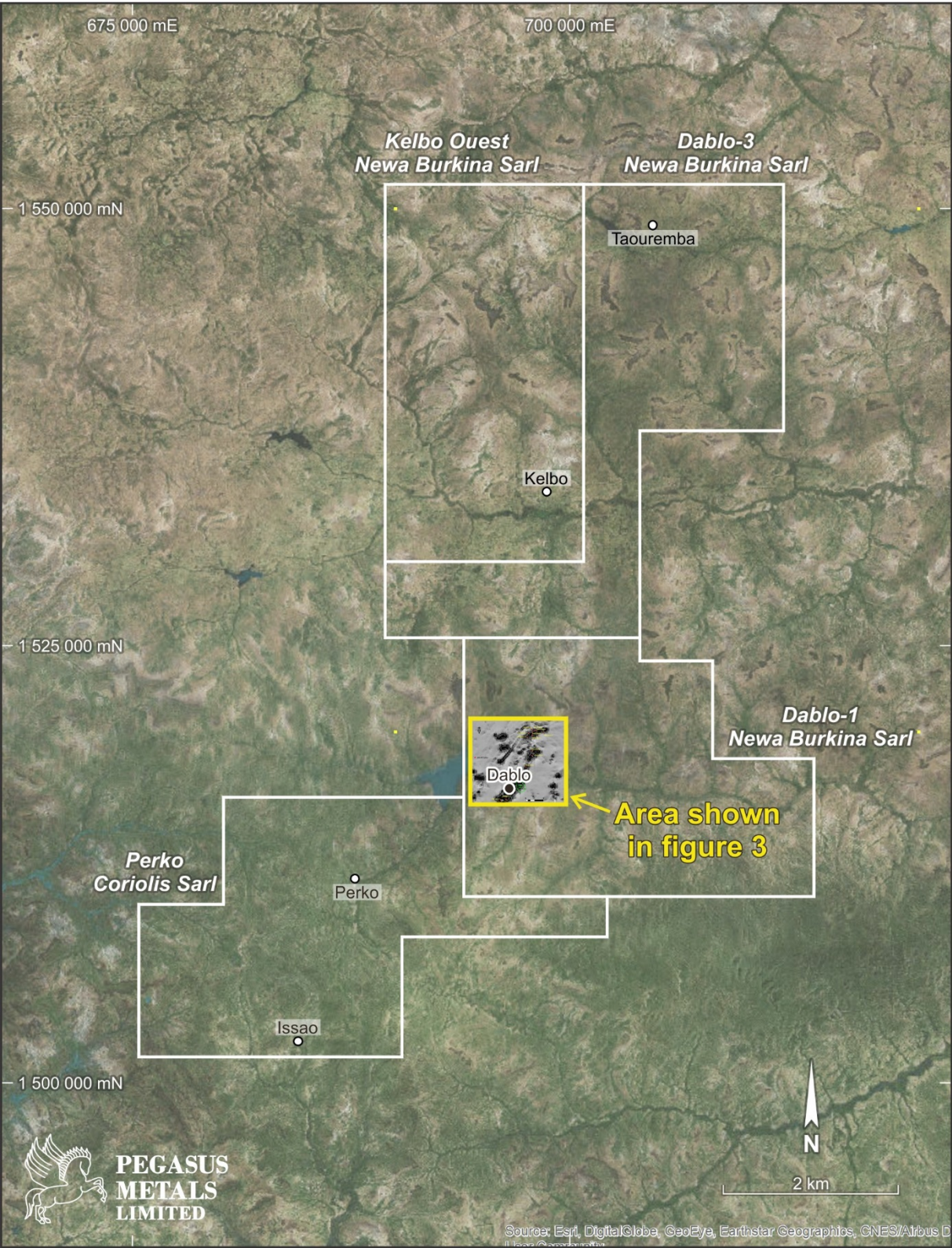


Figure 2: Dablo Project Tenure, highlighting current area of activity

Specifically:

- Holes DBRC2018-01 to 08 were completed as extensional holes to the previous focus of drilling activity over Dablo North;
- Holes DBRC2018-09 to 11 were drilled in the southern part of the intrusion, south of Dablo village;
- Hole DBRC2018-12 was a single hole drilled to test the magnetic anomaly northwest of Dablo village; and
- Holes DBRC2018-13 to 16W targeted the northern/central extent of the intrusion (refer Figure 3).

Samples were systematically logged and measured for magnetic susceptibility with a Vanta pXRF for quantitative base metal content. Fourteen of the seventeen holes encountered visible sulphides with elevated Cu values from pXRF assessment (refer Table 5). The Company notes that PGE, gold and nickel mineralisation is usually associated with Cu values in previous assaying of mineralisation at the Project

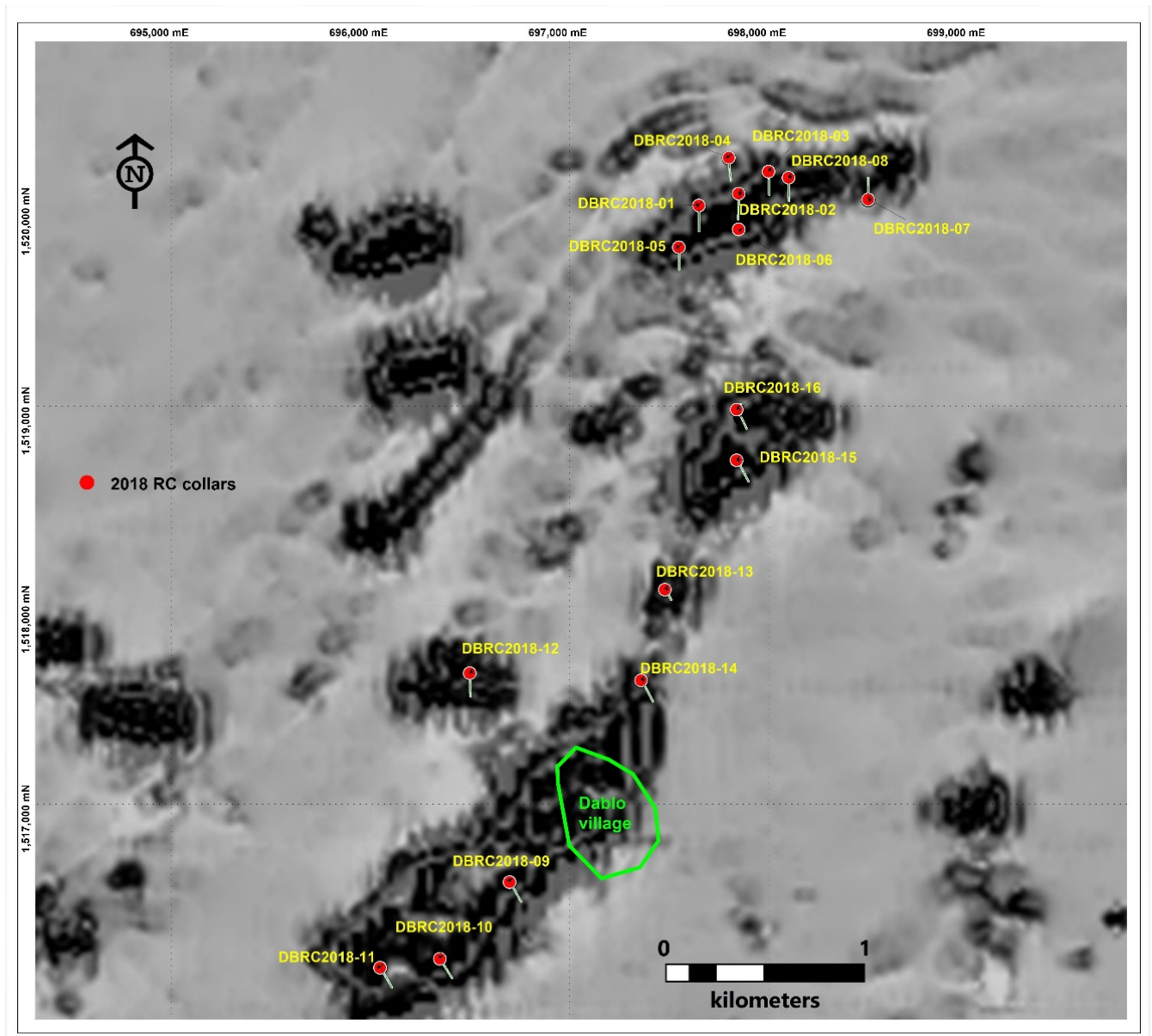


Figure 3: Drill location plan of the 2018 RC drilling collars overlain on modified magnetic first derivative image (1VD), highlighting magnetic nature of the Dablo Main Intrusion (DMI)- Refer Figure 2 for location.

Table 4: Location of 2018 RC drillhole collars (WGS84 Z30N datum)

Hole_ID	UTM_E	UTM_N	RL	Azimuth	Dip	Max Depth (m)
DBRC2018-01	697650	1520010	TBA	180	-53	200
DBRC2018-02	697850	1520070	TBA	180	-53.5	200
DBRC2018-03	698000	1520180	TBA	180	-56.7	200
DBRC2018-04	697800	1520250	TBA	180	-55.6	200
DBRC2018-05	697550	1519800	TBA	180	-56.6	200
DBRC2018-06	697850	1510890	TBA	180	-55	75
DBRC2018-07	698500	1520040	TBA	360	-60	200
DBRC2018-08	698100	1520150	TBA	180	-56	200
DBRC2018-09	696700	1516610	TBA	150	-56.5	200
DBRC2018-10	696350	1516225	TBA	150	-55	200
DBRC2018-11	696050	1516180	TBA	150	-55.5	200
DBRC2018-12	696500	1517660	TBA	180	-55	200
DBRC2018-13	697480	1518080	TBA	150	-55	114
DBRC2018-14	697360	1517625	TBA	150	-55.5	200
DBRC2018-15	697840	1518730	TBA	150	-56	250
DBRC2018-16	697840	1518985	TBA	150	-55.7	243
DBRC2018-16W	697860	1518945	TBA	0	-90	70

The observations made included:

- Visible sulphides were observed in holes 02, 03, 05, 06 and 08 drilled at Dablo North. Anomalous copper intervals were recorded from pXRF analysis in these respective holes.
- Hole 05 was an RC twin on diamond drill hole DBDD001 (*refer ASX:PUN announcement 10 January 2018*) which returned **39m @ 4.5 g/t Pd+Pt+Au, 0.87% Ni and 0.27% Cu from 13m** to check between the two drilling techniques.
- Visible sulphides were observed in holes 09, 10 and 11 drilled south of Dablo Village. Anomalous copper intervals were recorded from pXRF analysis in these respective holes.
- Hole 12 was completed in volcanics and amphibolitised magnetic paragneiss, possibly derived from iron-rich pelites. No anomalous copper values were recorded from pXRF analysis.
- Visible sulphides were observed in holes 13, 14, 15, 16 and 16W drilled at Dablo North. Anomalous copper intervals were recorded from pXRF analysis in these respective holes.
- The Dablo North ultramafic intrusion occupies an area between a volcano-sedimentary sequence and orthogneiss.
- The northern/central extent of the intrusion has orthogneisses and amphibolitic magnetic paragneiss to the west as enclosing rocks, and dry leucogranites (with no biotite alteration) intruding into the ultramafic to the east. The ultramafic intrusion in this area seem to be located within the orthogneiss but near the contact with the volcanosedimentary sequences.
- In the holes south of Dablo village, strong pervasive serpentinisation was observed, with the weathering profile much deeper than observed elsewhere.
- All contacts noted were typically altered and schistose.

Mineralised intervals have been selected and samples have been transported to ALS Global in Canada for analysis. The Company will update the market when results become available, expected next quarter.

Table 5: Summary of geology logging, sulfide observations and pXRF reading. NB- PGE, Au and Ni mineralisation is typically associated with elevated Cu values at the project.

Hole_ID	Simplified geology (interval from-to in metres)	Sulfides observed 1				Elevated Cu from pXRF 2			Max Depth m
		from m	to m	Type	Quantity	from m	to m	Range ppm	
DBRC2018-01	volcanics/seds 0-112 ultramafic 112-200	81 102	100 112	Dissem. Py and f.g. undiff	tr-5% tr-2%				200
DBRC2018-02	volcanics/gneiss 0-74 ultramafic 74-200	67 91 183	71 97 200	Dissem. Py Dissem. f.g. undiff Dissem. f.g. undiff	1%-3% tr tr-1%	52 91 141 187	76 97 151 189	105-524 137-161 100-233 144-985	200
DBRC2018-03	volcanics/gabbro 0-115 ultramafic 115-200	114	200	Dissem. F.g. undiff. and local patchy Po	tr- 2%	144 163	153 197	160-405 110-1171	200
DBRC2018-04	volcanics/seds 0-200	80 161	161 200	Dissem. and veiniform Py Dissem. and veiniform Py	1%-3% 2%-5%	162	179	113-254	200
DBRC2018-05	ultramafic 0-200	61	200	Dissem. f.g. undiff	tr-0.5%	95 113 144	98 120 147	100-382 118-538 106-338	200
DBRC2018-06	RC twin on DBDD001	32	61*	Dissem. Cu-bearing goethite*	2%	2	67	167-6164	75
DBRC2018-07	ultramafic 0-24 orthogneiss 24-200	13 125 138 182	15 128 174 200	Dissem. Cu-bearing goethite* Dissem. Py Dissem. Py Dissem. Py	1% 3% 3%-5% 1%-4%	13	15	578-731	200
DBRC2018-08	amphibolite 0-122 ultramafic 122-200	75 122	109 200	Dissem. Py Dissem. Py	1%-2% tr-1%	181	200	122-503	200
DBRC2018-09	ultramafic 0-200	65	87	Dissem. f.g. undiff	tr-4%	39 66	42 87	155-813 112-2440	200
DBRC2018-10	ultramafic 0-36 orthogneiss 36-54 ultramafic 54-200	161	168	Dissem. f.g. undiff	tr-0.5%	14 72 161	26 83 168	172-1094 226-911 109-721	200
DBRC2018-11	granite/qtz diorite 0-54 ultramafic 54-200	77 107	100 118	Dissem. Py and f.g. undiff Dissem. f.g. undiff	tr-0.5% tr				200
DBRC2018-12	volcanics/gneiss 0-74	59	200	Dissem. Py	1%-5%				200
DBRC2018-13	ultramafic 0-114	47 75	51 78	Dissem. f.g. undiff Dissem. f.g. undiff	tr tr	1 86	78 94	105-2141 182-1321	114
DBRC2018-14	ultramafic 0-114	79	127	Dissem. Py and Po	tr-1%	0 78	34 88	100-956 124-1106	200

DBRC2018-15	ultramafic 0-114	87 107 157 169 192 201 207 231	Dissem. Py and f.g. undiff Dissem. Po Dissem. Po Dissem. Py, Cpy	tr-2% tr tr 1%-2%	64 66 157 160 192 201 222 231 234 240	361-529 121-514 105-131 110-1219 116-262	250
DBRC2018-16	ultramafic 0-243	61 72 100 102 105 134 161 183 219 225	Dissem. f.g. undiff Dissem. Po Dissem. and veinform Po and f.g. undiff. Dissem. f.g. undiff Dissem. f.g. undiff	tr tr tr-1% tr tr	0 76 92 102 105 112 121 129 162 177 220 223	102-1344 112-188 102-176 105-252 108-258 113-308	243
DBRC2018-16W	ultramafic 0-70	 49 70		 tr	0 20 26 41 66 69	100-229 113-328 119-239	70

KEY: * relict after sulphide in oxide profile, Py=Pyrite, Po=Pyrrhotite, Cpy=Chalcopyrite, tr =trace, Dissem.= Disseminated, undiff.=undifferentiated

Notes:

1. Estimates of contained sulphide percentages by experienced, competent geoscientists are considered to be reliable and reproducible semi-quantitative estimates of the abundance of minerals present in a sample. Visual estimates of sulphide mineral abundance should, however, never be considered a proxy or substitute for laboratory analyses where metal concentrations or grades are the factor of principal economic interest. The Company will update the market when laboratory analytical results become available.

2. Measurement of drill chips using a semi-qualitative field portable XRF analyser during the first campaign of drilling (refer to ASX release dated 10th January 2018) revealed that anomalous Cu values may indicate the presence of chalcopyrite which is a sulphide mineral known to be closely associated with the PGM. Values above 100ppm Cu from XRF measurements of drill chips are considered anomalous with values above 1000ppm considered highly anomalous. Portable XRF is a powerful instrument which permits rapid testing of working hypotheses made in the field and which enables rapid decisions to be made on-site in real time during drilling programmes. XRF measurements should never be considered a proxy or substitute for laboratory analyses where metal concentrations or grades are the factor of principal economic interest. The Company will update the market when laboratory analytical results become available.

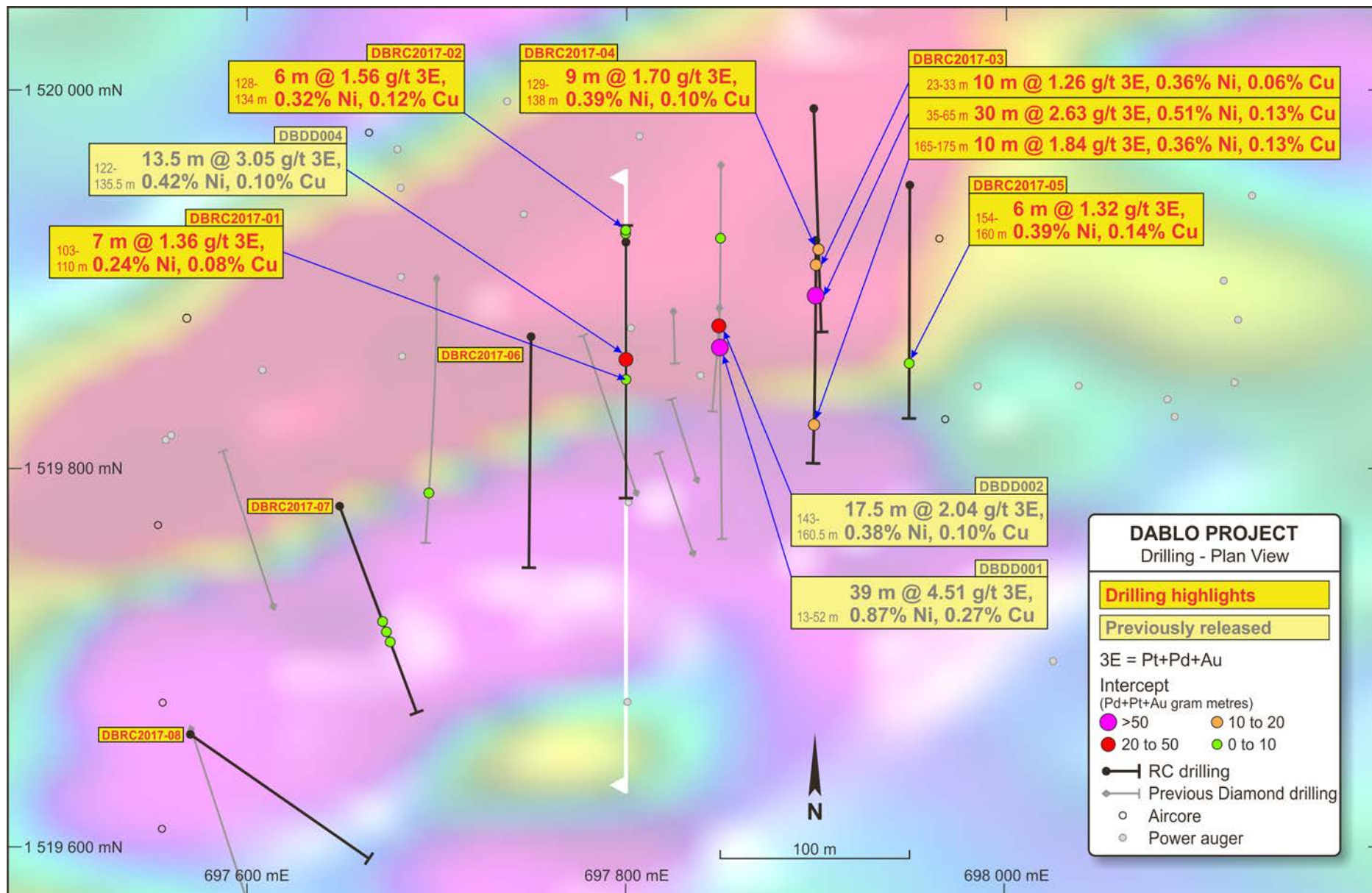


Figure 4: Dablo Project Drill Plan for 2017 RC programme, with recent significant drill intercepts (3E=Pt+Pd+Au g/t) highlighted, set against 1VD RTP magnetic imagery (section line for Figure 5 shown in white)

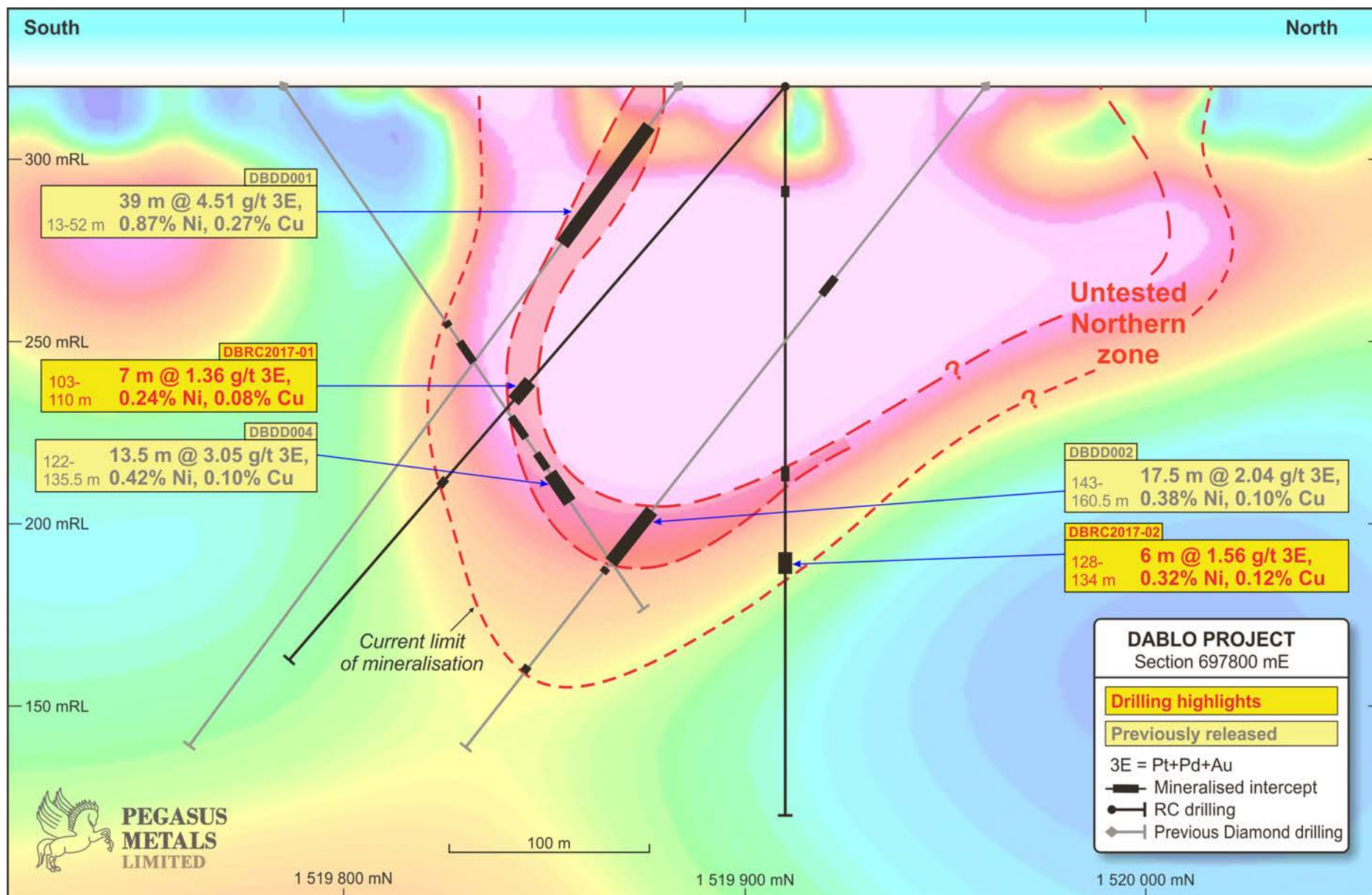


Figure 5: Dablo Project Cross Section 697800mE (+/- 100m, recent RC and DD only), showing the close relationship between mineralisation and IP chargeability anomaly. Interpreted mineralising geometry and significant intersections are highlighted in red and black respectively, with the untested 'northern contact' zone labelled.

Ongoing Regional Exploration

The Company is undertaking a geochemical lag survey over the Perko and Dablo 1 permits and over the southern portions of the Dablo 3 and Kelbo-Ouest permits (refer figures 2, 6). Five targeted soil orientation lines will be completed over key anomalous portions of the Dablo northern/central portion of the intrusions, north of Dablo village, to assess the effectiveness of the technique in this area. The company also intends to undertake regional mapping over the Perko permit in the near-term.

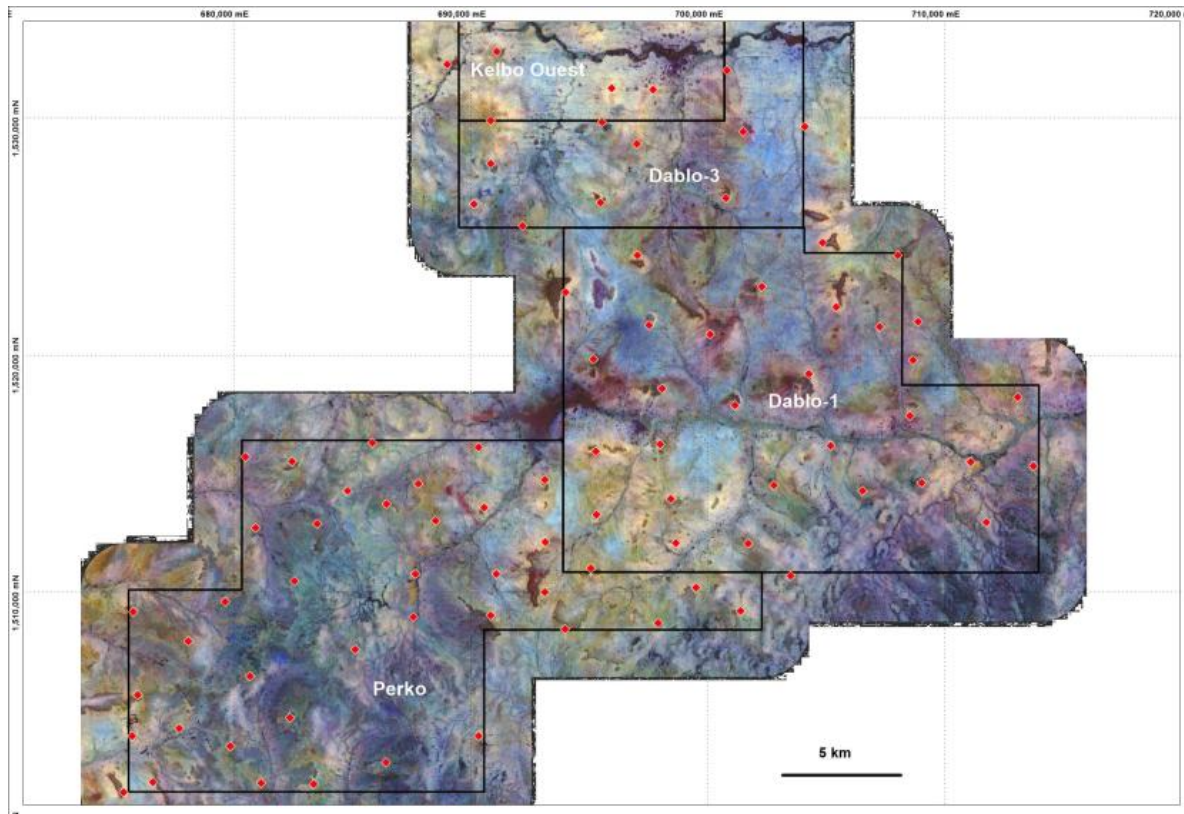


Figure 6: Location of the planned Lag sample points over satellite imagery.

The Company is also undertaking desktop studies to better understand opportunities in the 2014 VTEM survey; and to better understand the relationship between the disseminated sulphide mineralisation and IP anomalies.

The Company advised it will provide further updates as the above work programmes are completed.

MT MULCAHY COPPER PROJECT
Murchison, WA

Geology Discussion:

The Mt Mulcahy project in Western Australia (Refer Figure 7) hosts the Mount Mulcahy copper-zinc deposit, a volcanic-hosted massive sulphide (VMS) zone of mineralisation with a JORC 2012 Measured, Indicated and Inferred Resource of 647,000 tonnes @ 2.4% copper, 1.8% zinc, 0.1% cobalt and 20g/t Ag (refer PUN:ASX release 25 September 2014) at the 'South Limb Pod' (SLP).

The folded horizon hosting this mineralisation forms a regional keel, where the surface expression can be traced for a distance of at least 12 kilometres along strike, and excellent potential exists for additional mineralisation to be discovered along this prospective horizon (refer Figure 10).

Table 6: Current Mineral Resource Estimate, Mt Mulcahy Project

Mt Mulcahy South Limb Pod Mineral Resource Estimate as at 30th June 2018											
Resource Category	Grade						Contained Metal				
	Tonnes	Cu (%)	Zn (%)	Co (%)	Ag (g/t)	Au (g/t)	Cu (t)	Zn (t)	Co (t)	Ag (oz)	Au (oz)
Measured	193,000	3.0	2.3	0.1	25	0.3	5,800	4,400	220	157,000	2,000
Indicated	372,000	2.2	1.7	0.1	19	0.2	8,200	6,300	330	223,000	2,000
Inferred	82,000	1.5	1.3	0.1	13	0.2	1,200	1,100	60	35,000	
TOTAL	647,000	2.4	1.8	0.1	20	0.2	15,200	11,800	610	415,000	4,000

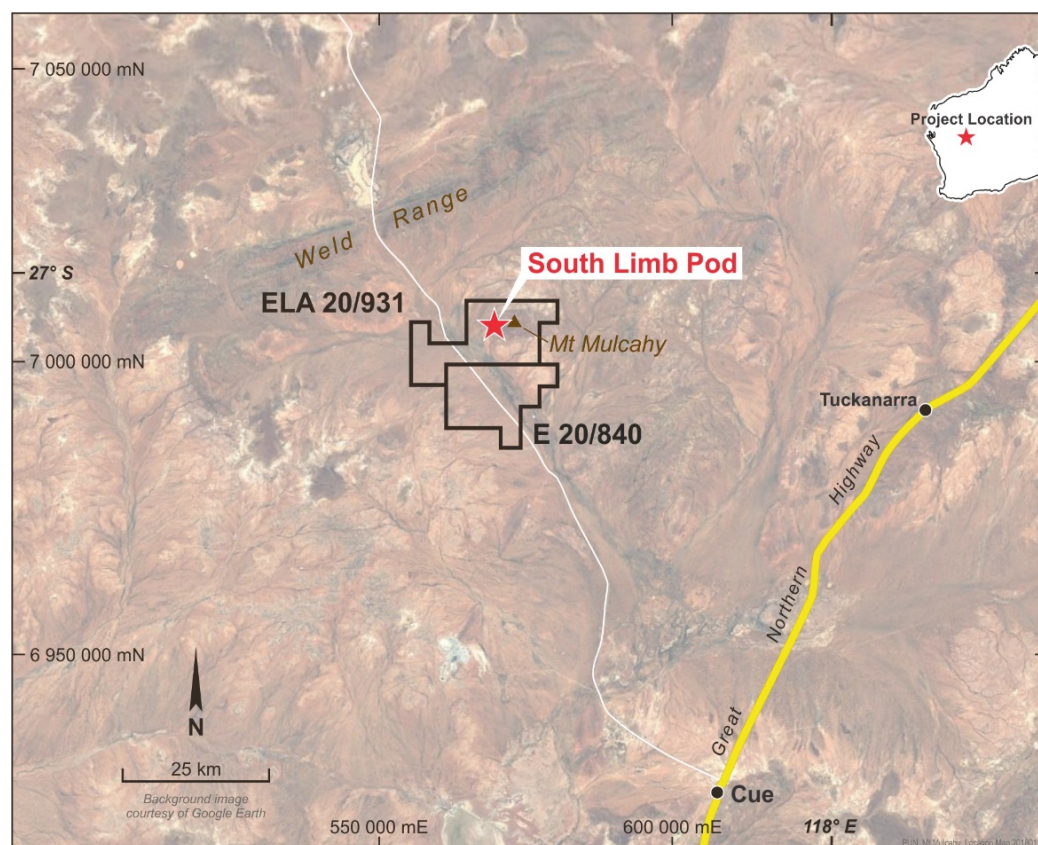


Figure 7: Pegasus Metals Mt Mulcahy location map.

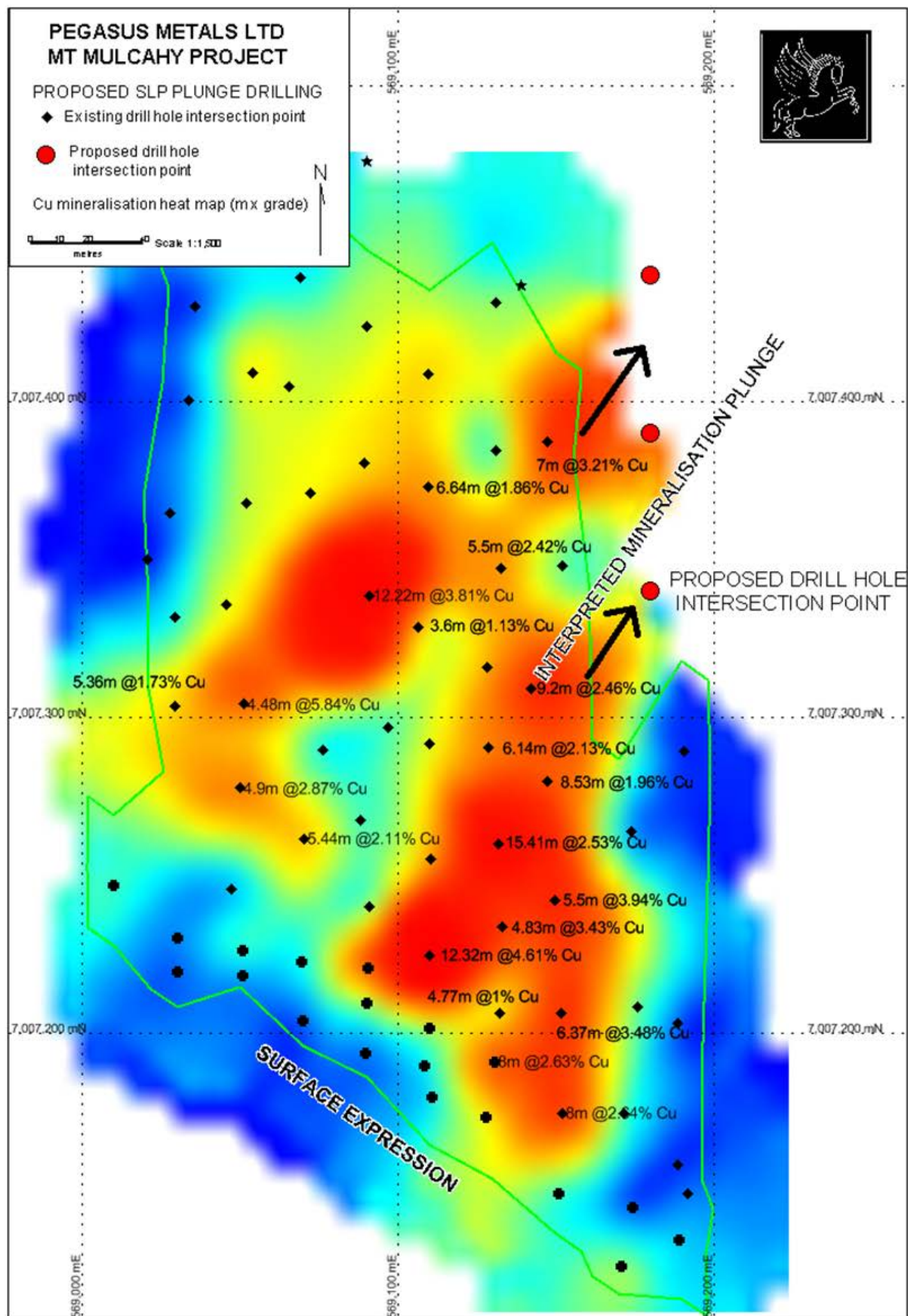


Figure 8: Plan of proposed SLP down plunge drilling.

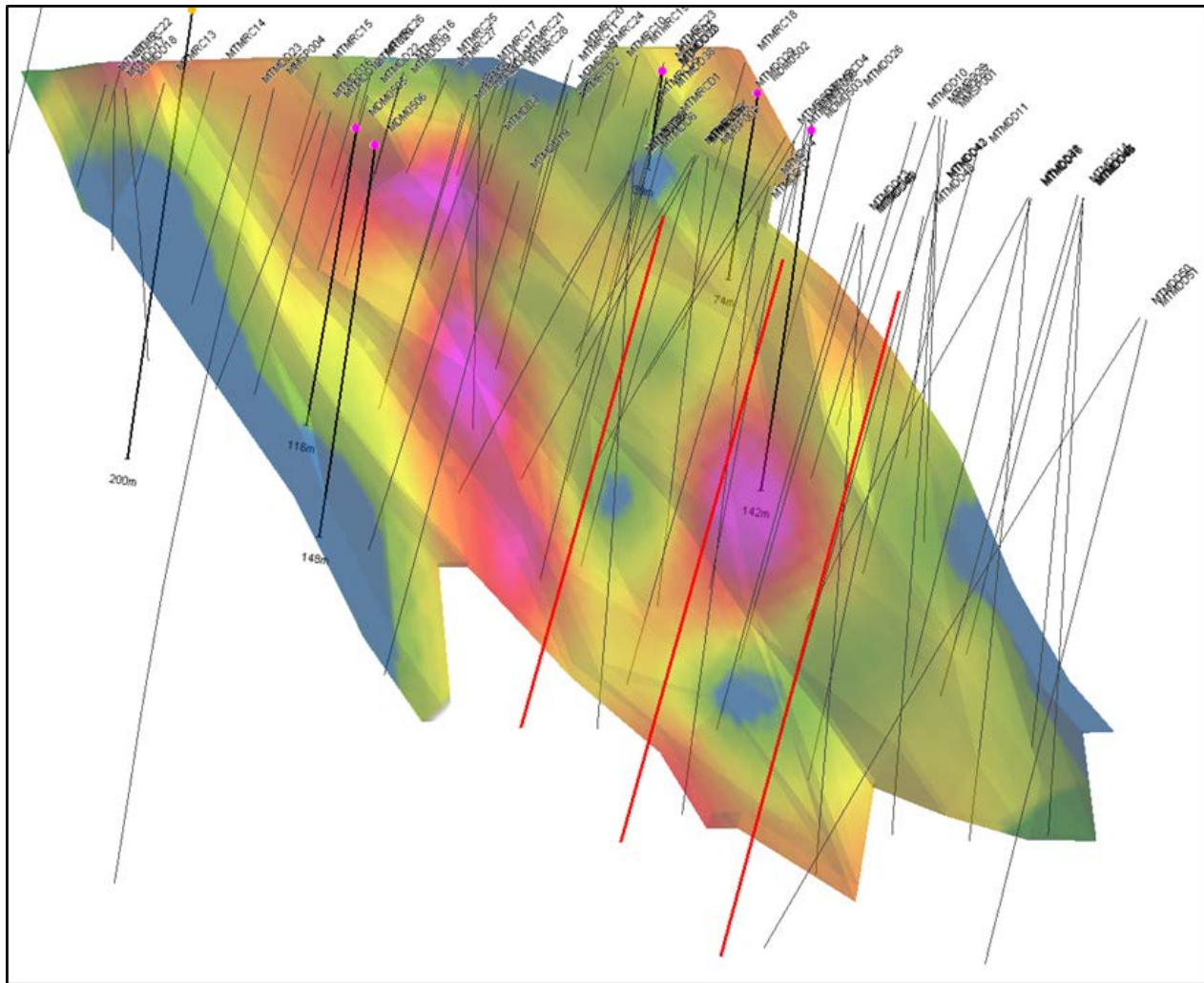


Figure 9: Oblique section of proposed SLP down plunge drilling (red traces), viewed from North East. Previous drilling defining the current resource denoted by grey or black traces.

Geology Activities:

The Company is currently awaiting the grant of ELA 20/931. Planned drilling of down-plunge extensional holes (refer Figures 8, 9) to the current resource at the SLP now awaits the grant of the new licence.

The Company is also progressing its applications (P51/3016-17) in the Nowthanna area, some 50km south of Meekatharra, which the Company believes has the potential to host VMS mineralisation.

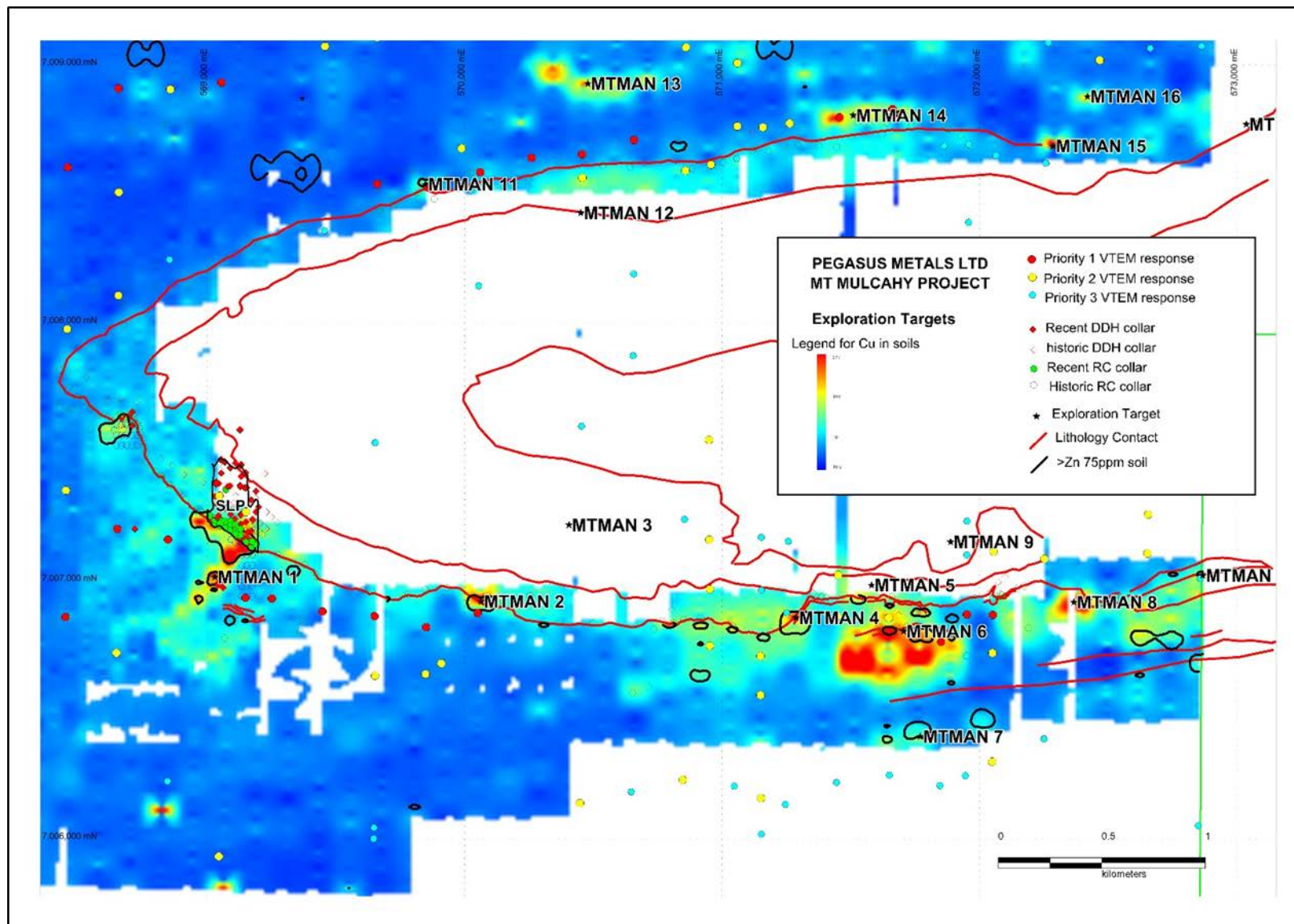


Figure 10: Mt Mulcahy priority exploration areas (MTMAN designation), in relation to South Limb Pod (SLP), shown with soil geochemistry, VTEM anomalies, and lithology contacts.

CORPORATE

Ms Shannon Coates resigned as Company Secretary of the Company, effective 30 June 2018. Mr Brendon Morton was appointed as Company Secretary of the Company, effective 1 July 2018 (post quarter-end).

A general meeting of the Company's shareholders is expected to occur during the September 2018 quarter.

Enquiries

Michael Fotios
Non-Executive Director
T: +61 8 6241 1877

Competent Persons Statement 1.

The information in this report that relates to the geology and Exploration Results relating to the Dablo Project in Burkina Faso is based on, and fairly reflects information compiled by Mr Grant Osborne, whom is a member of the Australian Institute of Geoscientists. Mr Osborne is a consultant to Pegasus Metals Limited and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Osborne consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Competent Persons Statement 2.

The information in this report that relates to the Exploration Results and Mineral Resources at the Mt Mulcahy Project is based on information reviewed by Mr Craig Hall, whom is a member of the Australian Institute of Geoscientists. Mr Hall is a contractor to Pegasus Metals Limited and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. Mr Hall consents to the inclusion of the data in the form and context in which it appears.

The information in this report that relates to the Mt Mulcahy Mineral Resource is based on information originally compiled by Mr Rob Spiers, an independent consultant to Pegasus Metals Limited and a then full-time employee and Director of H&S Consultants Pty Ltd (formerly Hellman & Schofield Pty Ltd), and reviewed by Mr Hall. This information was originally issued in the Company's ASX announcement "Maiden Copper-Zinc Resource at Mt Mulcahy", released to the ASX on 25th September 2014. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the findings are presented have not materially modified from the original market announcements.

Forward Looking Statements

Pegasus Metals Limited has prepared this announcement based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Pegasus Metals Ltd, its Directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it. This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward looking statements that are subject to risk factors associated with exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimate.

Appendix 1: Tenement Schedule (ASX Listing Rule 5.3.3)

- *The mining tenements held at the end of each quarter and their location*

➤ TENEMENT SCHEDULE

TENEMENT No.	LOCATION	STATUS	INTEREST %	HOLDER
ELA20/931	WA	Application	100	Pegasus Metals Ltd
E20/840	WA	Granted	100	Pegasus Metals Ltd
P51/3016	WA	Application	100	Pegasus Metals Ltd
P51/3017	WA	Application	100	Pegasus Metals Ltd

- *The mining tenements acquired during the quarter and their location*

Nil

- *The mining tenements disposed of during the quarter and their location*

Nil

- *The beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter*

Nil

- *The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter*

Nil

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Pegasus Metals Limited

ABN

40 115 535 030

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(167)	(202)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(182)	(342)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	110
1.8 Other (provide details if material)	-	212
1.9 Net cash from / (used in) operating activities	(349)	(222)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10) - refund	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(400)	(400)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(400)	(400)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	625
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	78	245
3.6	Repayment of borrowings	(221)	(221)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(143)	649
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	920	1
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(349)	(222)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(400)	(400)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(143)	649
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	28	28

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	28	920
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	28	920

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
104
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,000	330
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

8.1—On 26 October 2017, the Company renewed the loan facility of up to \$1 million with entities associated with Director Mr Michael Fotios.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	100
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	80
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	180

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



31 July 2018

Sign here:
(Director/~~Company secretary~~)

Date:

MICHAEL FOTIOS

Print name:

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.